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Food Island, The Irish Times, A Special Report

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THE IRISH TIMES

Wednesday, March 26, 2014

A Special Report

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FOOD ISLAND

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The flavour of success

The Food Harvest export target of €12bn by 2020 is beginning to look almost easy, writes **Alison Healy**, Food and Farming Correspondent

Once upon a time, it gave people a small thrill to find Kerrygold butter on the shelf of a supermarket when they travelled abroad. Now, we would be surprised if we didn't find a range of Irish products on foreign supermarket shelves.

Keogh's crisps can now be bought in Australia, the US and Dubai. You're as likely to find Cashel Blue cheese in New York as you are in Newbridge.

If you feel like one of Glenisk's yogurts or dairy products, try Dubai, Portugal or Spain. Donegal-based Irish Premium Oysters are firmly established in Tokyo. And most impressively, Broderick's, the artisan chocolate bar and cake makers, are now selling chocolate to the Swiss. And to the Icelanders, Danish, Russian and Japanese. The list goes on.

The success of these products abroad helps to explain why the value of Irish food and drink tipped €10 billion last year. The Food Harvest target of reaching €12 billion by 2020 is beginning to look almost easy, particularly when the growing global population is considered. It increased by 80 million in the past year and, according to the OECD, three billion people in places such as India, Africa and China will join the middle classes over this and the next decade.

Trade missions to far-flung places are no longer just about the meat and dairy sector. Now they are selling our confectionery, snacks, desserts, jams and relishes.

The Gulfood exhibition which was recently held in Dubai saw the biggest ever representation of Irish food when 17 firms travelled to the fair. It was a new experience for Keogh's crisps, which was only set up in 2011 and its managing director Tom Keogh says it was very encouraging to see how Irish food was viewed in the Middle East. "There was a very, very, good reac-

tion to Irish companies. There were countries from all over the world exhibiting their wares," he recalls, "but when you went around for a look, there was no comparison when it came to the quality of the products on offer. You could see people's faces light up when they tasted our crisps."

Niche products

While niche products are making great strides, the meat and dairy sectors still account for our most valuable exports by far. Meat and livestock exports accounted for a third of food and drink exports last year and were worth €3.3 billion, according to Bord Bia. And dairy products exceeded the €3 billion mark for the first time. Milk quotas will be removed next year, leaving Irish farmers free to produce as much milk as they like for the first time in 30 years and the sector has major plans for expansion. Milk volumes are expected to increase by 50 per cent by 2020.

Bord Bia's chief executive Aidan Cotter says there has been very strong demand for



“Keogh's crisps can be bought in Australia, the US and Dubai. You're as likely to find Cashel Blue cheese in New York as you are in Newbridge

€1.6bn

The value of prepared food exports last year

9%

The increase in the value of food and drink exports last year

Irish dairy products in China. "That looks set to continue," he says. Food and drink exports to China increased by more than 40 per cent to reach €390 million last year and it's now our second-largest dairy market and third-largest pork market.

Japan opened its beef market to Ireland in December and that will begin to pay dividends this year. Offal is sold for a higher price in Japan than in Ireland so it could be a valuable market. "That is exactly the kind of development that our beef industry needs in order to maximise returns," says Cotter. He is also optimistic that the reopening of the US market to Irish beef will allow us to tap into a niche market for high-quality beef, produced from grass.

However, while these new markets are exciting, they pose logistical challenges. It takes 42 days to ship product to China, for example. It takes an hour to fly to Britain and the United Kingdom is still our most important market, accounting for 42 per cent of Irish food and drink exports.

And it could become even more important with the news that its population is due to grow by 10 million people in the next 25 years. This is in contrast to the rest of Eu-

rope where the population is expected to peak in 2020 before declining.

There is a growing optimism in the UK about the economy too. Recent research by Bord Bia found that 38 per cent of UK consumers feel the economy is going well – up from 13 per cent since last year.

"Certainly there are grounds for optimism for the UK market," says Cotter.

Drinks sector

That market accounts for almost a third of our beverage exports. But, overall, beverage exports fell slightly last year to €1.25 billion. Whiskey led the way, with double-digit growth, and helping to offset declines in cider, beer and cream liqueurs. Whiskey sales were particularly strong in the US, followed by Europe, Russia, Asia and Australia. That global love affair with Irish whiskey is expected to continue this year.

It seems the biggest challenge facing the food and drink sector lies in managing all this expansion while protecting the environment. Some 300 companies have now signed up for Bord Bia's Origin Green sustainability programme which involves meeting a set of environmental standards. The target of having Origin Green-approved companies producing 75 per cent of our food and drink by the end of this year will be comfortably met, according to Bord Bia.

All of which gives our food and drink sector the undeniable flavour of success. "Not long ago, when Irish food was mentioned, you thought of very few brands – Guinness, Kerrygold – then you were clutching at straws," Tom Keogh says. "Now we are seen as the green island. We have an identity as producers of premium products. And if we get even a small percentage of that premium market abroad, it would be enough to keep us going day and night."

175

The number of countries importing Irish food and drink

€2bn

The value of beef exports last year

Challenges for the sector

The food and drink sector is not without its challenges. Commodity prices can swing either way overnight and lots of volatility is predicted for the dairy sector when quotas are abolished.

StubbsGazette's 2014 Food and Drinks Industry Report highlights several other challenges facing the sector. "Climate change may be the wild card," it says, noting that coping with the effects of climate change has become a reality.

"Indeed the food and drinks industry doesn't have absolutely everything going for it. The banking crisis and associated credit crunch has limited funding to primary producers," it says, but adds that larger companies are considered well funded to continue on their paths to growth.

"On the retail side price pressure is relentless with private label brands providing an increasing challenge to brands as customers modify their buying behaviours in the age of austerity," the report adds.

"There is also the factor of creeping bureaucracy with quality control and requirements on traceability adding sizably to the cost base." But it adds that these costs could be justified when the potential cost of a food scare is considered.

"The effects of the foot and mouth outbreak of 2001, to the pork contamination crisis of 2008 to the horse meat adulteration scandal of last year, show the fragility of the reputation of the food and drinks industry," it says. "More than most it is susceptible to catastrophic setbacks."

Gareth Murphy, sales and business development manager Keogh's, at the Ireland stand at Gulfood 2014 in Dubai



Tastes of a foodie nation

We may have reduced our spending on food but there's a trend towards cooking from scratch and home entertaining, writes Aoife Carrigy



We Irish are an increasingly foodie nation. That was one of the top findings of PERIScope 2013, Bord Bia's recently published report based on comparative research across 10 European countries. We may have scaled back our spend but we are reprioritising it too, and focusing on food as a source of pleasure, nutrition and meaningful connection with the world. Cooking from scratch and home entertaining are on the rise, and the Irish are number one in Europe for attending cookery classes. So what's hot in the world of the home cook?

Local and real

Authenticity is prized highly, as is locally sourced food. "Real" foods are hot, traditional crafts are cool and local is where it's at. We want small-scale farmhouse butter and slow-fermented sourdough bread. We want locally-produced alternatives to imported foods. And we're getting them too, from Irish Atlantic sea salt and Irish apple balsamic vinegar to mozzarella produced from Co Cork buffalos.

Seeking connections

We are increasingly using communal food experiences to build meaningful connections. Whether its dinner parties or family dinners, supper clubs or pop-ups, local

food festivals or the annual Streetfeast festival (coming to a street near you this June 8th) we want to break bread and make conversation with those around us.

Superfoods go nova

The notion of superfoods (ie nutrient-rich ingredients) has been around the block but new ones pop up every year. Some superfoods court controversy around issues of food miles, while western-inflated prices of protein-rich quinoa or Omega 3-rich chia seeds are placing once-staple Latin American foods out of local reach. Others are sourced closer to home. Seaweed is finally coming of age here in Ireland, with chefs and home cooks embracing its versatility. Oily fish is back on menus around the world.

Raw grows up

Several Irish foodies are securing a place in the Irish palate for the Stateside trend of raw food. That they each look like model examples of the diet's claimed benefits may or may not be coincidental. Katie Sander's Living Dinners pop-up restaurants have wooed critics and fans alike. Natasha's Living Food is a booming brand offering everything from sprouted hummus kale snacks to raw cacao ganache cake. Food writer Susan-Jane White's new cookbook, *The Extra-Virgin Kitchen*, published

by Gill & Macmillan, sees one of Ireland's biggest cookbook publishers betting that health-focused food is going mainstream.

Functional foods

The winner of last year's Bord Bia Food and Drink Award for innovation capitalises on the "food as medicine" trend. The family-owned Paganini produces low-fat, protein-enriched ice-creams marketed under the FitFuel brand for sports people and hospital patients.

In a pickle

One of the hits of last year's Ballymaloe Lit Fest was a master class on fermentation with author Sandor Katz, the hipster king of the pickle. Fermentation is one of those

lost arts which we're realising is at the heart of many food cultures, and is the key to everything from sourdough bread, cheese and beer to sauerkraut, kimchi and miso. Combine the draw of the forgotten craft skill with the promise of beneficial probiotics, digestive enzymes and health-boosting nutrients and you have one hot food trend.

Come hell or hybrids

Love them or hate them, hybrid foods have captured our imagination, at once tapping into our nostalgic desire for the familiar and our intrepid craving for the new.

Once New Yorkers were queueing into the wee hours for their supply of cronuts - croissant meet doughnut - everywhere else had to have them. (Butler's Cafés if you're asking). Bleeker Street's bite-sized Pantam Bagels, a sort of profiterole-bagel-ball filled with all things sweet and savoury, are chasing any stubborn cupcakes firmly into yesterday's news. Can't choose between burger joint, noodle shop or pizza? You don't have to, thanks to the ramen burger (compacted noodles replacing the bread bun) or the pizza burger, of which there are various interpretations (pizza toppings on a burger bun, or mini burgers on a pizza). And who knows where Tacobell's recently launched Le Quesarito (quesa dilla-cum-burrito) might lead us all.



Food writer Susan-Jane White's new cookbook, *The Extra-Virgin Kitchen*

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Green shoots

Selling Irish food abroad should be easy given our lush landscape, but it does require a considered approach that takes in local sensibilities, writes **Fiona Reddan**



For a food company, having success in the Irish market is just one part of the jigsaw. To truly achieve scale, it has to position itself in international markets. But this can mean a serious assessment of a company's marketing and branding strategy in order to ensure that it is appropriate for the market the company is looking to target.

An obvious choice is to play up a company's Irishness, given the country's reputation in the agri-food sector. However, as Tara McCarthy, a director with Bord Bia says, it all depends on the product you are selling. A product like Goodfella's pizza is not particularly enhanced by being Irish but Kerrygold butter on the other hand very much plays up its Irishness.

"It varies quite a lot as to whether or not consumers assess provenance in that category," she says.

Moves abroad may also necessitate a change in branding. When porridge maker Flahavan's, for example, started to sell in the UK, it launched its product in a blue and red canister. However, competitor Quaker then contacted the company to draw its attention to the fact that Fla-

havan's product looked too much like Quaker's did. So the Irish food company changed the colouring on its boxes to green and red.

A vital part of any company's research before it exports is to consider how the consumer will use the products – what works in Ireland may not necessarily translate internationally. When Kerry Group, for example, was getting ready to export its cheese strings product to France, it discovered a challenge in that French kids don't take lunch boxes to school, they use the school canteen instead.

So the group opted to sell the product as an after-school snack or *gouter* instead, changed its name to Ficello (or string), and replaced the cheddar content with the

more familiar Emmental. "You have to localise the product to that market," says McCarthy, noting that while consumers typically like hot curries in Ireland and the UK, continental Europeans favour sweeter ones.

Sustainability and the "green" qualities of a product have also become vital branding tools when selling Irish products abroad.

Maevé Henchion, the head of the department of agri-food business and spatial analysis at Teagasc's food research centre, says, "Sustainability initiatives have become more than just a PR tool for companies; they are becoming an essential part of the supply-chain process."

It's no surprise then that food promotion-



“Sustainability and the 'green' qualities of a product have become a vital branding tool when selling Irish products abroad

Actor Saoirse Ronan appeared in Bord Bia's Origin Green ads which were shot in Kilkenny

al bodies are actively trying to position Irish food companies in this light.

"It's a source of differentiation," says Henchion. "A lot of countries can produce beef to a particular specification but what do we do that's different to them?"

In 2012 Bord Bia launched its Origin Green initiative, which is "essentially a voluntary sustainability programme that the entire food and drink industry is signing up to," according to Una Fitzgibbon, the marketing director at Bord Bia.

The environmentally friendly charter offers companies a "brand platform" for communicating the green sustainability credentials of that industry and draws on Ireland's very strong "green" reputation overseas, says Fitzgibbon.

So far, 300 Irish companies have registered their interest in the initiative and 53 of those companies have submitted Origin Green sustainability plans. There are now 40 verified member companies. According to Fitzgibbon, these member companies



Margaret Lynch

Couverture



Making desserts proved a sweet recipe for business success for Margaret Lynch of Couverture, a contract manufacturer.

A graduate of the bakery school at DIT Kevin Street, she got her first job with Lir Chocolates. She stayed 10 years, learned how to set up and grow a successful food business and made contacts with supermarkets which were to prove invaluable to her when, in 1998, she left to set up Couverture with her sister Geraldine O'Connor. Celine Hayes-English, a partner in the business, joined soon afterwards and looks after sales and marketing.

The company manufactures own brand desserts for, among others, Supervalu, and provides contract catering services to a number of well known food brands. Having seen others

succeed in selling her creations, the big question for Lynch has always been whether or not to create a brand of her own.

"It is something we have always struggled with but it would take such an amount of investment to develop a brand that it wouldn't be worth it," says Lynch.

"As things stand, we are actually a very well known b2b (business to business) brand and that is what matters to us."

Couverture has also grown as its supermarket customers have grown. It recently, for example, began exporting to the UK as a result of Musgraves introducing Couverture to its Budgens chain of food stores.

"It's been a great for us because it has helped us learn about such export issues as logistics and currencies. It has also, more importantly, shown us how competitive we are there price-wise, which has given us great confidence to do more in the UK."



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represent more than 65 per cent of exports.

Already Origin Green member companies can incorporate its message into their own marketing material and the initiative is set to step up a notch in June, when Bord Bia will launch a new media plan aimed at international trade customers.

"This new creative will move us from current messaging around 'the promise' of what Origin Green can give to our customers to the 'verified reality' of what we can deliver our customers," says Fitzgibbon.

The initiative has paid off for some companies already, with one member company winning a Belgian retail account on the back of it and another winning tenders for food service provision in the UK because of its involvement.

"What companies are finding is that it's changing the nature of the conversation with their key customers, assisting them to develop longer term relationships and assisting others win new business," says Fitzgibbon.

But such an approach can have its challenges. As Henchion notes, it's all about "credence attributes" whereby the consumer has to believe what you are saying.

Building an international presence by stealth: Barry's Tea

"Who's Barry?" It's a question the manufacturers of Irish tea brand Barry's Tea are frequently asked when endeavouring to export the product abroad and is reflective of a wider challenge Irish food companies face when selling in international markets – what works in Ireland may not necessarily work abroad.

Barry's Tea first started to export its products in the 1980s, initially responding to requests from outlets hoping to sell the product to Irish emigrants in destinations such as New York, Chicago and Sydney.

"The target market was the same as at home and it was the same pack that was exported," says Barry's Tea export manager Aisling Gildea.

Since then, however, the Cork firm has become more strategic about exports and Barry's Tea is now sold in 14 countries around the world, including the US, Canada, UK, France, Germany, the Middle East and Australia, accounting for about 10 per cent of its total sales – a figure which it hopes will continue to rise.

"For us to keep on growing we have to grow exports," says Gildea, adding that Barry's Tea has built up its presence in international markets "by stealth", but that in the US "it's starting to take off" for the company.

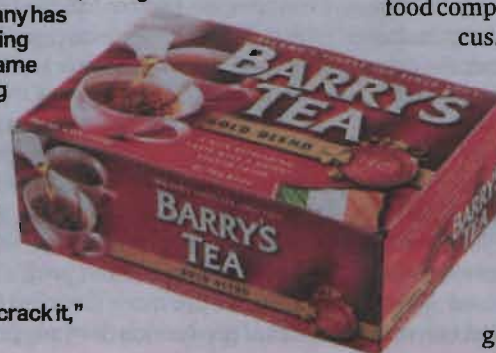
In trying to reach a wider audience across the

Atlantic, Barry's has very much held onto its Irish origins and now uses a special pack featuring a tricolour and shamrock to sell there. That is quite different from the one sold in Ireland. However, while international markets offer many opportunities, exporting is not without its challenges.

In the UK, which is an obvious market for Barry's Tea, Gildea notes that while the product is stocked on the shelves of Tesco, Sainsbury's and Morrisons, you will find it in the specialist world aisles – not sitting alongside big British names such as PG Tips and Typhoo, which is where it would like to be.

"The challenge has been to flip over to the tea category," says Gildea, noting that the company has been considering changing its name or repackaging it for the UK market.

"It's a difficult one and a process we're still working through as to how we might crack it," she says.



So, for example, if you are buying beef because of its red colour, you can see that for yourself. "But when you're promoting something based on its green credentials, they have to trust you when you say it," says Henchion. "[The] first thing is trust – how do you accurately measure to consumers it's environmentally friendly?"

In this respect, Teagasc is trying to bring some measurement to the initiative and is trying to come up with a wish-list of steps that can be taken and then measured on farms on a long-term basis. These can then be used by individual companies in their marketing. When you are gearing up to sell internationally, McCarthy advises that food companies do better with a bit of focus.

"Concentrate your efforts quite specifically; going in with 30 different products and not knowing what you're doing with all of them won't help," she says.

"It's really about studying the market before you go," she says. "You can only make one first impression."



Every time horse DNA is found in beef burgers, the Irish agri-food sector takes a hit.

Time to beef up labelling

Consumers are now much more concerned about the quality and origin of their food, writes **Conor Pope**

People love horror stories, particularly if they come with extra Yuk Factor. In February, a regular report from the Food Safety Authority of Ireland (FSAI) was published and among its nuggets were tales of human teeth, nails and chicken heads being found in food sold in Irish restaurants and takeaways. It stayed among the most-read stories on *The Irish Times* website for days, with readers clearly mesmerised by the details.

But such food-related shock horrors are rare and the incidents easy to isolate so they do little to damage the reputation of our food sector as a whole. It is a different story when things happen higher up the supply chain.

Frozen burgers

Every time horse DNA is found in beef burgers or dioxins in sausages or every time retailers are exposed for selling cheap, nameless white fish dressed up as cod, the Irish agri-food sector takes a hit and consumer confidence is damaged.

According to David Berry of Kandar Worldpanel, which monitors the retail sector, sales of frozen burgers in Ireland fell by 42 per cent in the wake of the horse-meat scandal last year with the impact extending to other areas of the frozen-food sector, such as pizzas, as well as chilled conveni-

ence foods. While the crisis had little or no impact on the industry, particularly on Irish beef exports, which bounced back quickly, it did put the spotlight on big retailers and raised questions in consumers' minds as to how it was possible to sell a kilo of frozen beef burgers for €2 at a time when fresh beef was selling at about €4 a kilo.

These questions are legitimate as are fears about the quality of the food we eat, particularly in cash-strapped times. Research carried out by Bord Bia at the beginning of the year found more than one-fifth of the population still struggles to put food on the table and while this has dropped significantly from 30 per cent in 2013, food costs remain a concern for almost 40 per cent of consumers.

"The findings not only talk about how consumers are thinking today, but also review what we have seen since 2008, and start to think about how consumers and Irish society has changed since the recession," says Helen King, head of insight and innovation at Bord Bia. "This study shows how a new emerging landscape can offer opportunities for Irish companies and brands."

Food scandals make things more uncomfortable but at least people can draw comfort from the fact that they are uncovered which shows the systems put in place to deliver quality assurance are working and underpinning the integrity of Ireland's food produce. Ireland got some very negative press in the immediate aftermath of that story breaking but later the criticism turned to praise for the detection systems in place across our agri-food sector. That is not to say there are not problems. As consumers, we are more divorced from the realities of production than any previous gen-

eration because of the length of the food supply chain across the processed food sector and the number of countries involved in getting some foods from farm to fork.

Lax labelling

Lax labelling regulations have allowed some producers label Thai chickens as Irish by just adding a sprinkling of breadcrumbs or a dab of garlic butter to them closer to home. And while there is no suggestion the food imported from many thousands of miles away is in any way harmful, it is not what consumers want.

The main principle of the EU food labelling directive 2000/13 states that labelling must not "be such as could mislead the purchaser to a material degree, particularly as to the characteristics of the foodstuff and, in particular as to its nature, identity, properties, composition, quantity, durability, origin or provenance, method of manufacture or production." It is to be updated later this year with new rules which will aid consumers' understanding of where their food comes from.

Changes will be welcomed by Ireland's shoppers. Since 2001, Bord Bia's biennial PERIscope study has been exploring consumer attitudes towards topics such as eating at home, cooking, local food, the environment, and health and wellbeing, in 10 markets – Ireland and the UK, six continental European markets, along with the US and New Zealand – encompassing 10,000 respondents.

Its most recent report found 70 per cent of Irish consumers felt it was important to "buy local" – up from 50 per cent in 2005. More than three-quarters of us check products for a country of origin label before we purchase compared to just 58 per cent in the UK.

Codding shoppers: DNA tells the truth

Technology has armed the watchdogs of the food industry like never before and ensured food suppliers and producers who cut corners to save money or attempt to mislead consumers can be identified.

Late last year, some bacon producers were accused by the Irish Farmers Association (IFA) of causing confusion by using labels suggesting they were using Irish pigmeat when tests results showed non-Irish product had been used.

The IFA commissioned DNA testing company Identigen to run the rule over 300 pigmeat samples and then compared the results with the DNA database of Irish boars. The results showed 52 per cent of the rashers and bacon joints tested were not from Irish pigs.

The practice of replacing cod with cheaper alternatives and selling it to consumers at inflated prices was revealed to be rampant in the Republic two years ago, with more than a quarter of all so-called cod sold here being wrongly labelled.

The study, carried out by researchers at University College Dublin found 28 per cent of the cod being sold in Ireland was mislabelled. Cheaper fish including pollack and whiting are sold as cod, with the majority of mislabelled cod products proving to be smoked, breaded or battered, allowing producers involved to conceal the appearance, smell and taste of the fish fillet.

The UCD scientists used DNA barcoding techniques to identify 226 cod products from supermarkets, fishmongers and takeaway outlets and compared the results against the product labels. In 37 of the 131 cod products purchased in Ireland, the fish was not cod.

George Ardagh

Empire Donuts



Given that his parents have a snack food business, The Fibre Food Company, it was probably always likely George Ardagh would gravitate towards the same sector. He has, but he took a few detours along the way. Over the years he has sold remote control devices for gates, run an online wedding shop and, most recently, launched a poncho wholesale business.

A passion for donuts however has given him his most successful venture yet. "I just love donuts," says Ardagh. "I have some family in Canada and whenever I went there the first thing I would do is head for the donut shop." In 2012 he decided to take the love affair a step further and see if there was a business in it,

travelling to the US to undertake a tour of donut shops. While there he bought US-style donut equipment, had it shipped over, and set about perfecting recipes. The next step was to rent a food grade unit at a subsidised price at SPADE, an incubation centre for food businesses in central Dublin.

Empire Donuts began trading in February 2013 and his success has been anything but half baked: "We're flying," says Ardagh, who employs four people, has secured a listing with Tesco and supplies to Rail Gourmet, the international railway catering supplier.

"In the beginning I was doing the cooking, the deliveries, making sales and doing accounts and even now I have help I'm still working seven days a week," says Ardagh.

The work is paying off however. "It's all about the volume. We needed to get the numbers up to benefit from economies of scale and we're starting to do that. We have export potential and are in a really good place now."

Ciara Troy

Oishii



Ciara Troy's business was born in 2006 of a simple love of sushi. Starting out on a market stall in Greystones, Co Wicklow, Oishii has since grown into a business that employs 20 people.

Oishii means delicious in Japanese and is a word she learned on a student trip to the Land of the Rising Sun that left her with a passion for fresh sushi. Unable to find it back home, she began making her own and selling it at farmers markets.

Demand grew quickly, but she was so busy making and selling it that she had little time to think strategically about the business. It was only a chance meeting with someone from her local enterprise board that put her on a path to

growth. "I was 18 months in before I realised there were supports out there for food start ups like mine," she says.

Access to mentoring and a capital grant enabled her to buy her first proper piece of equipment – prior to that she had to do everything by hand – and the business began to scale up rapidly.

Today it sells into supermarkets across Ireland and recently expanded with the launch of Oishii Noodles, which are low in fat and sugar and high in protein.

Other innovations include the launch of a sushi catering service and sushi-making team building events which have proved a hit recipe with corporate clients – "they get their Oishii aprons and head bands and it's a really fun event," said Troy.



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Eastern promise for Irish exports

The burgeoning middle classes in developing markets such as China and India have a big appetite for Irish food, writes **Frank Dillon**

Following years of underperformance, Ireland's food industry is enjoying a remarkable renaissance, with farm incomes rising and agriculture and food once again becoming an attractive career option for Irish graduates. The backdrop to this is that Irish food and drink is becoming increasingly popular in world markets, with food exporters tapping into a new demand for high-quality products.

Food exports are growing rapidly on the back of the burgeoning middle class in developing markets such as China and India. The abolition of milk quotas in 2015 will also underpin this growth with the market for Irish food exports soon to exceed €10 billion annually.

Growth of middle class

Dairy exports from Ireland to China last year accounted for €280 million, says Bord Bia chief executive Aidan Cotter, adding that 80 per cent comes from infant formula

and China is now our second largest market in this sub-sector, with 40 per cent annual growth.

OECD figures indicate the world's middle class is expected to rise from 1.8 billion in 2010 to 4.8 billion by 2030, with most of the growth coming from the East. China alone is expected to account for 18 per cent of global consumption by then with \$10 trillion of spending power. "As populations grow in wealth their consumption of meat and dairy products increases and we are ideally placed to capitalise on this opportunity," says Cotter.

Mike McKerr, managing partner at financial services firm EY, says that when considering export opportunities, new markets should be pursued but alongside existing ones. "Emerging markets charge very high import duties on foreign goods, particularly those in the agricultural sector, in order to protect their local economy as well as to raise revenue—with some countries raising over half their tax revenue

from import taxes."

There are also very strict permissions required in relation to agricultural products with special approvals being required from various government agencies before a permission to import is granted, he notes.

"There are many other factors to be wary of when exporting to emerging markets, including: ensuring compliance with all documentary and legal requirements at the time of import in order to avoid fines; goods being stopped at the border, along with issues of corruption when dealing with foreign officials," he adds.

The latest *Pathways to Growth* report from Bord Bia sees fragmentation within the industry as a problem, especially when Ireland competes with major global food players in international markets. "The food industry is dominated by giant multinational firms, many of whom have turnovers well in excess of Ireland's total food exports. Nestlé for example has a turnover of over \$100 billion."

Cotter also acknowledges that a very large part of the business is B2B (business to business) so that even where a product is sold with a value-added element, the final element before the product is put into the hands of consumers is not controlled by the Irish producer. This has led to concerns the industry is not as consumer-centric as it should be.

Artisan sector

Volatility remains a challenge, with climate having an increasingly important impact on world markets. Droughts and crop failure can unleash a price dynamic. In the short-term, global food shortages can lead to higher prices but that also encourages larger food producers in countries such as the US to enter the market, which can result in a very significant price drop. The threat of disease and compromises in the

food chain, such as the foot-and-mouth and dioxin scares in recent years, can also cause long-term damage to the industry and requires vigilance at all levels.

However despite the potential pitfalls, Asia remains an attractive prospect for many Irish food producers. Exports to China, for example, grew by over 40 per cent, with values trebling over the last three years to reach €390 million in 2013.

China is now Ireland's sixth largest market overall, with strong dairy and pork exports contributing to this, and seafood and beverage exports also growing. China, is Ireland's second largest dairy and third largest pork market.

Demand in China for Irish seafood is also expected to soar as appetites for non-farmed fish increase.

Vive La France! Swift Fine Foods

It's the year of the French, for Martin Ormonde, sales manager with Swift Fine Foods, a Monaghan-based producer of chilled and frozen ready meals.

The company, which employs 95 people and has a number of brands, including Chef's Made and Chef's Cuisine, is participating in Access 6, an EU-funded export development programme that aims to boost Irish food and drink exports to the €312 billion French retail grocery and foodservice market.

"We only recently began exporting to the UK and already it accounts for around 5 per cent of turnover, so the sheer size and proximity of the French market makes it worthwhile for us to try and develop that too," says Ormonde.

The Access 6 programme, which is delivered by the Irish Exporters Association (IEA), aims to provide Irish SMEs with training and

mentorship to successfully supply and trade in a number of foreign markets including the UK, France, Germany, Scandinavia, North America and Benelux.

Of those, France remains the leading continental European market for Irish food and drink exports, and Ireland's most important eurozone trading partner in the sector, with total 2013 food and drink exports estimated at €673 million.

The double-digit growth achieved in 2013 included not only areas of traditional strength for Irish exporters, such as lamb and beverages, but also significant new business in categories such as mushrooms, snails, bakery, farmhouse cheese and soft drinks.

"As part of the programme we will meet with French buyers to find gaps in the market there that we might be able to fill," says Ormonde.





Dairy exports from Ireland to China last year accounted for €280 million, says Bord Bia

Knowing your niche Jelly Bean Factory

Knowing your niche and servicing it well has been the key to export success for the Jelly Bean Factory, a business established in 1998 by father and son team Peter and Richard Cullen.

The Jelly Bean Factory is now Europe's leading producer of gourmet jelly beans, producing around 12 million jelly beans daily in 36 different flavours, ranging from passion fruit to piña colada and from liquorice to cinnamon, in various innovative packs. All the jelly beans are gelatin, gluten, GMO and nut-free, Kosher certified and Halal compliant.

With a turnover of €12 million, the company exports more than 98 per cent of its production to 55 export markets around the globe. The Jelly Bean Factory is the fastest-growing brand of gourmet jelly beans in leading confectionery markets such as the UK. Its major export market is the UK, with 45 per cent of exports. Other prominent markets are the US, Canada, Australia, South Africa, New Zealand, Germany, Austria, Poland, the Nordic countries, UAE, Saudi Arabia, Bahrain, Qatar, Indonesia, Singapore etc. Sales and brand are growing year on year across most markets.

The firm now employs a staff of 72 at a 115,000sq ft facility in Blanchardstown, Co Dublin, that has been extended three times in recent years.

"Having a product with a long shelf life has been one of the key advantages for us in growing export markets," says Richard Cullen (below). "However, it's not simply a case of pushing the product out the door and then hoping for the best. In our experience, it's vital to maintain a very hands-on approach in each of the markets in which you operate."



Dawn Farm Foods supplies meat to food service chains throughout Europe

"Export markets are unforgiving" Dawn Farms Foods

Established in 1984, Dawn Farm Foods, based in Naas, Co Kildare, is Europe's leading supplier of cooked and fermented meats to international food service chains and leading food manufacturers. The company supplies a wide range of blue-chip customers in the food manufacturing and food service sectors throughout Europe for the pizza, sandwich and ready meals markets. It exports 80 per cent of its output to 40 countries from its factories in Naas, one of the most modern meat technology facilities in the European Union.

In 2010 the company won a €700 million seven-year contract to supply the Subway sandwich chain with meat ingredients, having supplied the chain since its first European store opened in 1993. According to head of business development John McGrath, among the key challenges that Dawn Farm Foods has had to

overcome include developing an intimate knowledge of each of the export markets that it services. "That involves developing the right product for the market that fits with local consumers' needs, tastes and price expectations, while also fulfilling any regulatory obligations and requirements in that market."

A compelling proposition is vital, McGrath maintains. "Export markets are unforgiving and competition is especially widespread in the food sector. In this scenario you have to provide a product and a service that your customers really want, not just what you wish to sell. Dawn Farm's goal is to differentiate on things that others cannot easily do."

"Our experience suggests that to succeed you need to know who you are, what you are good at and how to build on that," he says.



On target for growth

Food Harvest 2020 was devised by the agri-food sector and it's providing a valuable road map to the challenges ahead, writes **Frank Dillon**

Ireland's agriculture and food industry was at a low point when the industry came together with various stakeholders in 2009 to devise an ambitious plan under the title, Food Harvest 2020.

Launched the following year, it set targets to increase the value of primary output in the agriculture, fisheries and forestry sector by €1.5 billion a year, a 33 per cent increase on previous levels. It also sought to increase the value-added element in the agri-food, fisheries and wood products sector by €3 billion and to achieve total exports from the sector of €12 billion.

The plan was greeted with scepticism from some quarters, but the industry is now on course to achieve the objectives. The food sector is on a roll. Annual growth targets are being met and exports are already close to €10 billion. That's before you consider the huge impact that the abolition

of milk quotas in 2015 will have on the industry. Estimates suggest that this could result in a 50 per cent expansion of the dairy sector by the end of the decade.

Quotas, which have been in place for 35 years, have acted as a brake on the sector, but the industry is gearing up for expansion. Recent moves by two of the largest companies in this sector, Glanbia and Kerry, bear witness to this. Glanbia Food Ingredients is currently constructing a plant in Belview on the Kilkenny/Waterford border, which will create more than 1,600 jobs in a massive €400 million investment. Kerry is establishing a new plant in Kildare, with the creation of more than 1,000 jobs.

"We recently worked with Glanbia to quantify the impact of the growth in their milk supply," says John Higgins of consultants EY. "Our analysis showed a pre-expansion economic impact of €1.54 billion which supported 5,592 jobs across the

economy. The planned growth in milk supply is expected to boost those numbers by €509 million and 1,851 jobs respectively. As Glanbia processes around 28 per cent of the national milk pool, the economic impact of the national growth in milk production is clear."

"Milk production has a significant impact nationally and at a regional level. The opportunities for growth due to the abolition of quotas are significant, with the impact heavily weighted to areas outside the major urban centres. All products from the extra milk production will be exported which further enhances the economic impact as there is no displacement effects in the domestic economy," he adds.

Cathal O' Donoghue of Teagasc agrees that quota abolition will have a huge effect throughout the food chain, starting at primary producer level. "The farm sector has huge pent-up possibilities. Around half of

the land on dairy farms is not used on dairy production because of the quotas. The typical mid-sized family farm in Ireland is a very efficient producer and is set to reap rewards," he says.

One of the reasons why Food Harvest 2020 appears to have caught the imagination of the sector is that it is very much an industry-led rather than a government-inspired initiative. Collaboration levels are high across the sector with a recognition that new technologies, innovation and closer working relationships through the chain are vital to exploit the possibilities in the booming global food market.

There is also a recognition within Food Harvest 2020, that growth in itself is not the only issue. Sustainability is vital and provides a competitive differentiator that could underpin the long-term success of the Irish food industry and enhance the "Ireland" food brand.

Sustainability: Irish Distillers

Irish Distillers commitment to sustainable development was one of the reasons it was invited to become one of the 10 founding participants of the Bord Bia Origin Green initiative, a voluntary programme that encourages Irish food and drink manufacturers to operate sustainably.

Sustainability is a key part of the culture of Irish Distillers according to its chief executive and chairman Anna Malmhake, who says responsible production and consumption are central to their business. The original Midleton Distillery in Cork, now

a heritage centre, was built in 1825 in an area abundant with its two key raw materials: it was in the heart of the Munster cereal growing region and had water from the Dungourney River.

The current operating distillery is also based in Midleton and it produces two main types of Irish whiskey; pot still whiskey which is distilled in batch process, and grain whiskey which is distilled in a continuous process.

The company has embarked on a €100 million expansion project at its Midleton distillery which will see production

capacity doubled.

Around 20 per cent of the €100 million investment is directly related to improving sustainability through reduced environmental impact, such as increased energy and water efficiency, and improved risk management.

Irish Distillers recently had its Jameson bottle redesigned so that it weights 30 per cent less. This has resulted in a saving of more than 435 tonnes of glass.

Also, some 98 per cent of all packaging waste from Irish Distillers' bottling plant in Dublin is now recycled.





Liam Herlihy, chairman of Glanbia, John Moloney, group MD Glanbia, Minister for the Environment Community and Local Government Phil Hogan and Jim Bergin, CEO Glanbia Ingredients Ireland at the ground-breaking for the new Glanbia plant in south Kilkenny

Sustainability: Samco Agricultural Manufacturing Ltd

The need back in the 1990s for a new way to grow maize in Ireland's cool climate has led over time to a successful company, Samco Agricultural Manufacturing Ltd.

The company developed a unique three-in-one maize planting machine that sets the seed, applies weed killer and covers the drill with a film of biodegradable material all at once, explains company director Robert Shine.

His father, Samuel, developed the machine back in the mid-1990s so he could produce forage for cattle on the family farm in Adare, Co Limerick. But it was clear the machine would be just as useful to other farmers and so the company began.

They started manufacturing and began research on a suitable degradable agricultural film. "It acts like a mini greenhouse in effect, heat is trapped under the film to help seed germination. It can be used for soya, sweet corn, sorghum or sunflower," he says.

They have developed a number of films and are experimenting with a starch-based film to replace older versions. "We have about 10 different products developed here and made here and in China."

Samco now employs 30 people directly and another 20 indirectly in support services, Shine says. It exports 80 per cent of what it produces with machines leaving Adare for Japan, China, New Zealand, Chile, Canada and the US, with recent annual growth of 15 to 20 per cent, he says.

Research and development remains central to what the company does, Shine says. "Forefront in our minds is R&D. We don't accept the notion that if it isn't broken don't fix it, we always try to improve our products."

DICK AHLSTROM

Agri-Food - Funding New Routes to Growth

EY partners Graham Reid and John Higgins interviewed agri-food companies and banks about how Ireland can maximise its potential in this expanding market, and ask is there a lack a funding that will potentially strangle this growth?

Ireland's image is green. The image of Ireland as a producer of high quality food is priceless. Competitor countries envy the reputation that Ireland holds. Agri-food is Ireland's largest indigenous industry, processing beef, pork, lamb, poultry, cereals, dairy produce, seafood, prepared food, organic and other products. The industry employs more than 160,000, exports €10 billion's worth of goods to more than 170 countries, and accounts for eight per cent of gross domestic product.

The potential for more growth is significant. Expanding markets in Asia and Africa, and the global growth of middle class markets is increasing the demand quality food, in particular protein based food, from trustworthy sources. This offers opportunities for growth in exports, helping Ireland to achieve a soundly based economic recovery. Some of this has begun already. China is now Ireland's second largest dairy market, and third largest supplier of pork, according to Bord Bia. Bord Bia also announced recently that food and drink industry exports grew by nine per cent to €10 billion in 2013, with double-digit growth in dairy, beef and prepared foods. This positive result for the industry was delivered during a year which included challenges such as a fodder crisis and the horse meat scandal.

All sectors including meat and livestock (beef, lamb, pigs, poultry), prepared food, beverages, seafood, horticulture and cereals are expected to contribute to the delivery of the industry's growth agenda. Most noteworthy is the dairy sector which is expecting to grow output by 50% following the abolition of EU milk quotas next year.

The 2020 Food Harvest Plan (FH2020), a blueprint prepared by the Department of Agriculture and Fisheries with industry input set demanding targets for growth in the decade leading up to 2020.

EY advise some of the key players and has advised on some of the most important transactions in the industry in recent years and therefore has a unique perspective on the agri-food industry. We have been talking to senior representatives from organisations and finance providers across the sector, to gauge progress towards FH2020. We have interviewed major actors, gauging progress towards FH2020 at the halfway point, in particular seeking to gain an understanding of the funding opportunities and growth.

Overall there is an acceptance that good progress is being made. However, challenges remain, and will require structural changes, continuing innovation and evolution of the sector. The general trend among

producers in Ireland is to move away from commodity products towards value added and brand-centred products that focus on the requirements of customers in target markets. It is important these trends continue to help ensure that Irish produce earns premium prices so as to minimise the impact of volatile commodity prices.

Ireland has competitive advantages in food production, such as our grass-based cattle feeding, and a strong food brand globally. However the industry needs to continue to invest and drive efficiencies throughout the supply chain to ensure we remain competitive in the global market place. This will require sustainable investment in operational improvements, new capacity, sales and marketing, research and development (R&D), new products and exploring new markets.

Investment needs vary across the different sectors but the focus should be in the development of more efficient primary producers and processors. Examples of opportunities to increase efficiency in the dairy sector include increasing farm and herd sizes, consolidating existing processing capabilities and, where required, building greenfield and highly-efficient processing plants.

There remains strong rationale for the consolidation of the processing capabilities of the dairy sector. However arriving at a feasible structure will be complex and will take time. Glanbia's proposed acquisition of Wexford Creamery, subject to Competition Authority approval, is an example of this consolidation process. The drivers for further consolidation may include farmers switching co-operatives as they seek to optimise their farm gate milk price, lack of processing efficiency, poor financial performance and a lack of investment, all of which are interconnected. This theme extends into the other agri-food sectors with the need to increase economies of scale and production efficiency to compete in the global market.

Given the current strength of the dairy sector, combined with the current high in international prices, there is evidence of farmers switching from tillage and beef to dairy farming to take advantage of the potentially higher return. This will increase supply in the market but the new dairy farmers may face challenges such as funding the cost of new facilities and plant, developing a new herd and delivering the required product quality and consistency.

To facilitate the sector to deal with these challenges the ability to access funding, right across the sector from farm to fork, will be vital.



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At farm level

At farm level, the main funding requirements are working capital and capital expenditure (land, plant and machinery, farm expansion etc.) with an expectation that the funding will be split 50/50 between these two broad categories.

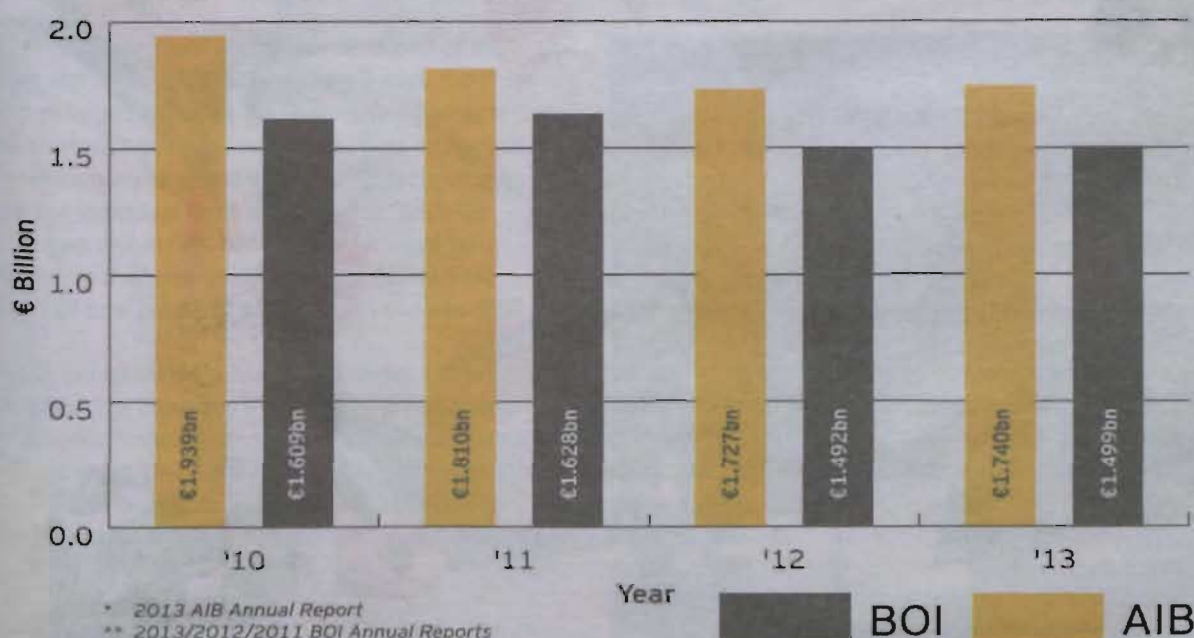
Banks continue to provide the main funding for primary producers, and AIB, Bank of Ireland and Ulster Bank, are lending to primary producers.

funding is directed towards the most productive assets. For example farmers should beware of paying more than an economic price for land and perhaps focus on renting land and instead investing in required plant and stock.

At processor level

At processor level, processing and value-added food and beverage companies' funding requirements not only include capital expenditure and working capital, but

AIB* and BOI** agricultural lending



The graph above illustrates total lending to the agriculture sector by BOI and AIB (based on annual reports) over the last few years.

This suggests that total lending decreased from 2010 to 2012, which anecdotally may be due to old loans being repaid quicker than new loans were issued. Both banks increased lending in 2013 which is in line with their aim to increase exposure to the industry. Our interviews suggest that bank funding is making its way into the industry at farmer level to support expansion, especially dairy farming given the current positive dynamics in that sector.

Typical offerings include working capital products, farm development loans and asset finance. Banks are offering tailored debt products, with an example being volatility-adjusted term loans for primary producers, where a higher proportion is repaid when milk prices are high, and vice versa. Banks reiterate the importance of a robust business case, strong repayment history and a carefully-planned funding structure with equity factored in. Our research indicates primary producers are - by and large - able to obtain debt-related funding from banks.

The FH2020 "milestone review" in 2013 suggests that primary producers have also used state-led initiatives such as Microfinance Ireland. Microfinance Ireland provides small (€2,000-€25,000) unsecured loans to viable businesses declined credit facilities by their bank, through the Micro-Enterprise Loan Fund.

As farmers take on debt, it is important that they do not over-extend, and that their financial position is robust throughout the commodity cycle. In particular given the current high levels of prices in the dairy sector, this has been highlighted as a concern. It is also important that

also funding to deliver overseas expansion and mergers and acquisitions.

Banks are also the main funding source for these enterprises, with AIB, Bank of Ireland and Ulster Bank, lending across the spectrum from Small, Medium Size Enterprises ("SMEs") to large corporates, while international banks are also active in the sector, with a particular focus on the medium to large and export-led companies. Our interviews suggest that while funding may have been more readily available for larger corporates, a significant level of lending is being targeted right across the industry including SMEs.

There is a broad suite of banking products on offer. For larger entities there are examples of syndicated funding being utilised, typically with a mix of indigenous and international banks, to deliver competitive funding packages. For working capital funding the companies we interviewed are utilising a range of products from standard overdraft facilities to invoice discounting facilities. Invoice discounting can be an attractive funding source for companies operating in the sector given the often-seasonal working capital requirement. For export-led companies, trade finance and foreign exchange products are also important sources of finance.

Banks are reverting to tried and trusted lender criteria. These include a robust business plan, efficient working capital management, a strong management team, and a deep understanding of the financial performance of the business and the underlying asset base. The key metrics used for credit decision-making and covenant testing vary depending on the debt product. For cash flow based term loans, earnings leverage multiples are typically used and are monitored at different times in the year, so the efficient management of working capital for

EY

Building a better working world

seasonal businesses in the industry is very important.

The government continues to play an important role in supporting the agri-food industry particularly through Enterprise Ireland with support for expansion, cost competitiveness (Lean Offer scheme), R&D, marketing, management development and export development. The government also offers tax credits to agri-food companies with eligible R&D expenditure.

The state-led Credit Guarantee Scheme provides support where viable SMEs are refused credit by their banks due to perceived high risk or insufficient collateral. For a fee, the state guarantees 70% of the credit facility advanced to SMEs by participating banks (primary agriculture is excluded but downstream processing is eligible).

While banks continue to play a dominant role, for a sustainable financing mix, new funding sources and in particular equity funding will likely be required. This may require shareholder investment as well as equity from external parties. There are indications that other financial institutions and funds may introduce new capital to the sector, in the form of debt, equity (more likely for value-added food and beverage companies), or hybrid products. The Ireland Strategic Investment Fund has announced a panel of fund managers for a number of new investment funds, which have already received commitments from third party investors. This may indicate an increased interest in Ireland as an investment location.

Maximising opportunity

Given the progress made to date, and what we learnt from our interviews, we believe that the agri-food industry is in a very strong position to meet and even exceed the already ambitious targets set for 2020.

Key priorities now need to include strong consumer focus and sustainable investment to achieve efficiencies, scale and innovative product development. The overall message we have received from companies and banks is that funding is available for enterprises of all sizes across the industry. It is especially important that adequate funding is accessible to primary producers and SMEs as they play an important role in delivering growth. Discipline is required, so that the industry remains financially strong through what can be volatile commodity pricing and to ensure that investments are made in productive assets. Independent advisors should be used to assist companies determine the optimal funding source and structure and deliver help competitive funding packages.

We believe this is a great opportunity capable of having a very positive impact on the agri-food industry in Ireland and on the Irish economy as a whole.

The agrifood industry is well placed to gain from a new collaborative drive between companies and academics, writes **Dick Ahlstrom**

Ireland's food industries are in an enviable position given the structures that have been put together in support of research and innovation. It means companies can tap into expertise within the third-level sector, but also rely on the support of government agencies to help them develop products and reach new markets.

It involves companies and academics engaging in research activity and commercialising innovations emerging from the laboratories, says Dr Frank O'Mara, director of research at Teagasc.

Few industrial sectors are as well placed as the agrifood industries to gain from collaborative research activity, he says. "There are huge opportunities there in terms of both products and processes in the food industry. And there are new areas in relation to food and enhanced value that can be added through nutraceuticals."

Teagasc maintains links with most of Ireland's third-level institutions, with particular connections to University College Cork and Cork Institute of Technology. It has 400 scientists – 200 senior scientists and postdoctoral researchers and 200 post graduate PhD students – working at its various centres, he says.

Collaboration is a two-way street with exchange between partners in academia and in industry. It is a pull and push whether an idea comes from industry or from the lab, but in the food sector it is usually a near to market innovation, he says.

"More and more researchers recognise the need to work closely with industry," Dr O'Mara says. "We do a lot of contract work with companies. It is seldom wholly new in food processing but an advance in technology, nutritional value, processing methods, texture, for example the creaminess of low fat yoghurt or reducing the salt content in cheese. It is a very high technology industry and if you can find a way to improve a process it can be as valuable to the company as having a new product."

The third-level sector also sees the value of collaborative research and innovation



All the right ingredients

with industry, says Prof Alan Kelly, a professor in the School of Food and Nutritional Sciences at University College Cork. "UCC has always had a long tradition of interaction with the food industry, through our graduates over the past 80 years and through an ongoing relationship with collaborative research and providing support for companies," he says.

"Food science is a very applied discipline, food science, consumer science, nutritional content, safety, there are so many areas. Of all the areas of science the path from basic food research to market is closer than almost any other discipline."

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Food science is a very applied discipline, food science, consumer science, nutritional content, safety, there are so many areas

There is constant interaction with industry, from picking up a phone call with a simple query to arranging funding of a PhD student through to engagement with large multi-centre national programmes.

"The current agenda is turning towards taking on large institutional projects with industry. It is a core part of what we do in the educational and research areas," Prof Kelly says. "Involvement with industry helps ensure the relevance of our programmes and the employability of our graduates. And the research is being driven towards pursuing economically relevant science."

Maintaining this pairing of academics and industry is important for the future of Ireland, Dr O'Mara says. "We are at the start of an expansionary move towards milk, the need to add value for new products using milk. We are moving up the value chain and there comes a point where you need knowledge-supported innovation to do that, science supported innovation."

A good example of that is a €1 million investment in Riyadh, Saudi Arabia, by the

Food scientists: research in Ireland is being driven towards pursuing economically relevant science.

PHOTOGRAPH: GETTY IMAGES

Irish Dairy Board, he says. "A plant there is going to make cheese through a process that we developed. The idea is milk can be dried and then transported to the plant and then reconstituted and made into cheese. It was launched at the end of last year. The Irish Dairy Board identified a market and we said we have the technology that can fit that."

Success in the industry certainly has its rewards. Our agrifood industry currently produces about €10 billion in exports and there is plenty of potential to grow this further, says Dr O'Mara.

And agencies such as Enterprise Ireland are seeking to do this through research centres such as Food for Health Ireland, a "tech centre" where industry and academics work together to advance the agrifood sector through the application of science and research.

CONNECTING THE FOOD ISLAND

Ireland's food and agribusiness sector has been quick to utilise the latest in communications technology to innovate, improve customer service and gain competitive advantage on both the home and international markets.

"The Irish food and agri sector has been one of the major success stories of the past few years", says Vodafone Ireland enterprise director Anne Sheehan. "A key factor in this success has been the commitment to innovation and a willingness to embrace the latest technologies on the part of individual firms in the sector. We have experienced this at first hand where we have seen customers in this area being amongst the earliest adopters of new products and services such as 4G."

One such company is Carlow based Richard Keenan & Company. The company's distinctive green Keenan Mixer Wagons have become a familiar sight on farms across the globe where they assist farmers deliver the optimal feed mix to their livestock and in turn help achieve the most efficient conversion of feed into milk or meat.

The firm's latest innovation is inTouch, a food production platform which has the potential to link the entire supply chain from farm to processor to retailer. It combines engineering, nutrition and IT technologies to deliver a repeatable result which improves sustainability and profitability for farmers and processors.

The platform comprises the inTouch Connect unit, a precision feeding system fitted to the mixer wagon which guides the operator through the mixing process to ensure that the animals get the correctly balanced diet on a repeatable basis. This unit is connected directly to the Cloud using Vodafone's machine to machine technology allowing for a real-time feed of information to the company's inTouch support centre.



Keenan Mixer Wagons have become a familiar sight on farms across the globe

"Vodafone machine to machine and cloud technology has been our biggest and most beneficial leap as the flow of information has become much more reliable and comprehensive", says inTouch Director, Conan Condon. "We are now able to review each farmer's feeding regimes remotely and send information to each wagon remotely. Farmers no longer have to remember to have a memory stick in their pocket and then upload the information onto their computers at night. M2M and cloud technology has enabled us to develop the largest database of farm data of this type in the world which is being used by our team of scientists and nutritionists for the betterment of the industry."

One of the earliest adopters of 4G technology in Ireland is Dawn Meats, a €1 billion business that sells into countries across the globe. Dawn Meats is an export-led business with production sites in Ireland, the UK and France and sales offices in eight countries across Europe.

"The 4G capabilities now offered by Vodafone have created an agile workforce, capable of working no matter where they are", says Stephen Farrell, network and infrastructure manager with the company. "Vodafone's combination of mobile, fixed, cloud and hosting solutions has enabled businesses in rural areas such as Dawn Meats to do what people take for granted in the cities. The solutions allow us to create operational

agility and a connected workforce that helps provide a better all-round customer experience for clients both at home and abroad."

Kells based software business Irish Farm Computers is utilising Vodafone's One Net solution to upgrade its communications system. The firm provides software solutions for farming businesses, using the AgriNet brand name. The AgriNet software monitors everything from grass growing rates to animal records to financial management.

"Our old communications system wasn't ideal," says Gavin Murray, operations manager with Irish Farm Computers. "It wasn't until I saw a Vodafone advertisement for One Net that I realised there was already an ideal solution out there and with Vodafone, you knew what you were going to get would work."

The One Net solution creates a virtual landline number that can either be used by desk phones, or picked up by a mobile. It provides a single, local number with one bill. Intelligent routing means calls will be transferred around the business to a free phone. It tracks missed calls and enables messages to be left. "It has worked perfectly," says Murray. "We had it up and running in minutes it's so simple. It allows for a far more professional approach to business. Our customers appreciate it and the feedback has been excellent."



Anne Sheehan Enterprise Director Vodafone Ireland

The rise of smart food

Smart ingredients, added functionality and nutraceuticals are driving new processes and products in the agrifood industry, writes **Dick Ahlstrom**

Ireland has developed a massive agrifood industry that generates annual exports worth €10 billion and employs tens of thousands. It is an industry that has been built through the application of research, creativity and innovation.

These are the ingredients needed to keep the sector growing. They lead to new ideas, new processes, new products and more efficiency. Innovation can open up new markets, keep growth on the agenda and sustain companies during downturns that can leave other sectors struggling.

"You can anticipate emerging markets when you are involved in research but typically the sector develops through small advances," says Dr Frank O'Mara, director of research at Teagasc.

This is happening at the moment in the area of smart ingredients, nutraceuticals and adding functionality to an existing product, he says. "Building in functionality is an area that we are heavily immersed in."

Innovations

The innovations that are driving probiotics, health-promoting yoghurts and better cheeses arise through research, he says, hence Teagasc's close associations with University College Cork's Alimentary Pharmabiotic Centre (APC) and with researchers at Cork Institute of Technology.

"The research helps explain how your health is influenced by your diet. There is a lot of evidence that your health is affected by your diet. The question is how do we make products that turn that to an advantage," he says.

The science proceeds with one eye on the lab bench and the other on how discoveries might be used. "The work always has an application in mind. The APC is strategic, basic research by nature, but we are always looking at how we can exploit discoveries for new applications," Dr O'Mara says.

This combination of research, innovation and market interest is most readily seen in the Food for Health Ireland technology centre established with the backing of Enterprise Ireland. Its focus is on milk and developing innovative ways to add value to it by delivering improved health.

It is an industry/academic combine with the company involvement helping to keep

the research work close to and relevant to market. It involves University College Cork, University College Dublin, NUI Galway, NUI Maynooth, Dublin City University, University of Limerick, Teagasc and Moorepark Food Research Centre on the academic side. Company engagement includes the Irish Dairy Board, Carbery Group, Dairygold Food Ingredients Ltd, Glanbia plc and Kerry Group plc.

The goal is to deliver functional food ingredients and products. It pursues an "intelligent milk mining" programme that searches for valuable ingredients, for example components of milk that promote infant development or boost immunity or support healthy ageing. The work draws

on basic research expertise, but quickly brings products to market that are safe and deliver benefits.

But efforts to innovate work from both ends of the agrifood chain. It is not just about the laboratories and the scientists, innovation is also being applied at farm level, says Dr Tom Kelly, director of knowledge transfer at Teagasc.

In this case, on-farm issues that need resolution are tackled through research and the results are applied at farm level.

Farm advisers

"We are probably a unique organisation in Europe," Dr Kelly says. "On one side we have an advice and education service and on the other basic research. But there is a lot of interaction between the research staff and the farm advisers."

For example, if a new technology is being promoted for use on farms, an adviser will explain its impact on the farm and the researchers will be able to assess the effectiveness of the technology. The need for innovation touches all farming areas including breeding, dairy, sheep, beef, the general environment, forestry, even farmer education, Dr Kelly says.

"The ideas come in different ways. Over the last eight to 10 years we have been using stakeholder 'consultative groups' for each of the major farm enterprises. They will include leading farmers along with people from industry, academics, Teagasc and the Department of Agriculture," he says.

"It is a way to try and feed in new ideas. If they work we can be more confident in going out to the farmers and advising they take up the ideas."

Cash in: Find out about tax breaks and credits

Companies can halve the cost of doing research and development by taking advantage of tax breaks and credits. Many companies ignore this potential source of support assuming that they would not qualify, says Ian Collins, head of R&D tax services with EY.

"One of the most common mistakes we hear companies make is disregarding potential eligibility for R&D activities," says Collins. Companies may be picturing researchers in white coats but in fact research expenditure that is considered valid for the Irish tax regime can be much broader than people think.

It is well worth investigating because it can mean being able to claim back half of the research cost, he says. It includes tax relief of up to 37.5 per cent so €37.50 in every €100 spent, Collins says. There is also grant aid so the net cost of research can be reduced significantly.

The tax credits on offer can be applied to developing new, or improving existing, products, devices, processes, materials, systems and services. Data intensive activities are included, adoption of new technologies and modification to existing processes or systems, Collins says.

"This is something a lot of companies tend to overlook and, as a result, are missing out on valuable cash refunds," he says. "It is important that you do not automatically rule out claiming for this benefit until you have fully explored the activities within your business."

There are pitfalls, the primary one being underclaiming R&D benefits. But Revenue has to be satisfied the claims are real and will require adequate documentation. Companies must also ensure that the claim is in compliance with the relevant tax legislation.

DICK AHLSTROM



The focus of the Food for Health Ireland technology centre is on milk and developing innovative ways to add value to it by delivering improved health.

Functional foods: providing benefits

Hovering somewhere between food and medicine, functional foods – sometimes known as nutraceuticals – are foods that provide health benefits beyond general nutrition: think probiotic yoghurts or omega 3 enriched eggs. Perhaps the most well known product is Benecol, which uses plant stanol ester to lower blood cholesterol.

Functional foods sit within the health and wellbeing foods market, estimated to be worth €158 billion and growing at 2-8 per cent annually. However there is not yet an official definition of functional food.

Rosemary Sexton from Enterprise Ireland says there is a big move towards functional food development in Ireland, particularly as the dairy sector prepares for the abolition of milk quotas and looks to develop value-added products. "We see a lot of opportunities in the functional foods area. From an Irish perspective nutrition is a big part of the market. There are lots of developments on the dairy side."

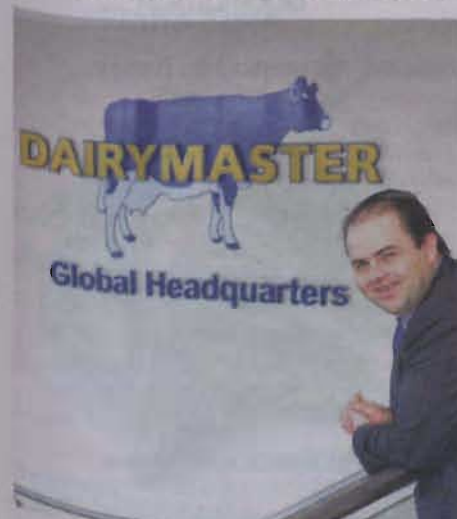
In November, Minister for Jobs, Enterprise and Innovation, Richard Bruton announced a €21 million investment in Food for Health Ireland, a research facility which aims to isolate and extract the beneficial ingredients in milk to add to foods. The centre, a collaboration between five industry partners and seven of Ireland's education institutions has already completed five years of research into "mining" milk for active ingredients that could help in the areas of infant nutrition, appetite modulation, performance nutrition and healthy ageing.

Food for Health Ireland has identified 75 ingredients with potential to be used in functional foods, with applications including glycemic management and the prevention of age-related muscle loss. The aim for the second phase is to work towards commercialising research. "Now more than ever before, the insights from science will allow food and beverage manufacturers to create products with really strong and compelling nutritional arguments," says Noel Corcoran, sales and marketing director at Carbery, one of the five industry partners along with Dairygold, Glanbia, the Kerry Group and the Irish Dairy Board.

Functional foods are not confined to the dairy industry. Dr Fiona Manning is programme director of NutraMara, a multi-disciplinary research consortium, looking at bioactives found with mussel and prawn shells. "At the moment it's quite small. It's the first time marine scientists and food scientists have come together."

JOANNA ROBERTS

Innovation: Dairymaster



The highest of technology has been applied to one of the most fundamental of farming activities to provide dairy farmers with the latest in automated agriculture.

Dairymaster, based in Causeway, Co Kerry, started out as a developer of milking parlours back in 1968, but it has since expanded and now also supplies software, speech recognition systems and phone apps to deliver new services to farmers, says the company's CEO Dr Edmond Harty (left). "It is all about technology for dairy farming, all the hardware, software and phone apps, everything for dairy farmers around the world," he explains.

Of the 300 people working full-time for the company, around 40 are involved in research, says Harty. Dairymaster has customers around the world including Japan, Siberia, Australia, New Zealand, Canada, US and UK. "We export 75 per cent of what we produce."

It has developed large rotary milking parlours that identify the cow coming in the door, and the system will flag the operator if the animal needs special feeding. The system uses software to allow the cow to "speak" to the operator. The company developed the "Moo-Monitor", a device worn by a cow that detects when it enters heat. "We are more advanced with cattle than with humans when it comes to wearable computing," says Harty. Better still, while the farmer used to have to go out at night to check for cows going into heat, a phone app receiving signals from the MooMonitor lets the farmer know from the comfort of home when fertility is at a peak.

Research is now second nature to the company, and it works with UCC and IT Tralee on projects. "We have built a lot of capability within the company," says Harty.

DICK AHLSTROM

Steaks are high in beef industry



Innovation has been key to ABP's operations for many years, writes **Frank Dillon**

ABP Beef is one of Europe's largest privately owned beef processors and it processes more than one million cattle every year from farms throughout Ireland, the UK and Poland.

The company, whose headquarters are in Ardee, Co Louth, produces branded beef products and supplies the food-service and manufacturing sectors. Its client portfolio includes leading retailers and more than 40 Michelin Star restaurants throughout Europe. A number of its beef products have won 'Great taste' awards as well as the accolade of 'World's Best Steak' by *Beef* magazine.

Innovation has been a feature of the company's operations for many years. In the 1980s, it developed a patented process to guarantee consistency and tenderness in beef. This is known as 'ultra tender' and is a hanging process that increases the natural breakdown of muscle fibres in each carcass while it hangs prior to de-boning. The company has also created a method of sympathetically chilling the carcass to prevent cold shortening to further ensure tenderness. Given recent concerns about the in-

tegrity of meat supplies, ABP is also working on a comprehensive system to ensure full traceability along the supply chain from farm to fork is imperative, and which involves DNA testing through all of the company's plants. This ensures any cut of meat can be traced from the supermarket shelf back to the animal it came from, with a permanent database of all the information about the animal's provenance.

ABP's slaughter facilities are strategically placed so that animals fit for slaughter are transported short distances to ensure better meat quality. The facilities are situated in superior beef-rearing regions where effective grassland-management techniques are the norm.

Waste minimised

Advice is provided to farmers on sustainability issues on the farm and techniques to improve efficiency. The supply chain has been adapted so that waste is minimised and ABP ensures packaging within its supply chain is limited and in many cases eliminated. Its finished retail packs, for example, are transported in recycled trays which are returned and washed for reuse.

ABP has been awarded Carbon Trust certification for carbon and water reduction. "We take the environmental sustainability of the business extremely serious and have introduced commitments to reduce energy use by 20 per cent and our carbon footprint by 25 per cent before 2020," says APB chief executive Finbarr McDonnell.

Innovation: Connemara Seafoods

Research activity is something that can deliver real jobs, based on the experience of Connemara Seafoods.

Research is vital to sustain revenue growth and maintain a competitive advantage, says the company's managing director Andy Mulloy.

"The company track record on R&D projects is very solid and, for the last fiscal year, a substantial percentage of turnover was as a result of those R&D activities and has created 18 full-time sustainable jobs over the last four years."

The family owned business is based in the Clew Bay area of Co Mayo and has 50 years of experience in seafood cultivation, processing and exporting.

It exports 100 per cent of its production, reaching global markets in Asia and Europe. It processes a range of value added seafood ready-meal products, Mulloy says.

It employs more than 50 people and it has a dedicated research group. "It is a functional team within the company," he says, with staff added as needed depending on what is involved.

When it comes to R&D, Mulloy likes to use a small "R" and a capital "D" when talking about Connemara Seafoods.

"Research can be something a university does "but the focus is on developing something tangible at the end", he says.

"I like it to be market pulled, ideas collected by sales staff in the field bringing back ideas to the management team here. It is all based on the big 'D' and small 'R'."

He views R&D as a "core activity within any firm" but acknowledges that research "by its nature is risky and consumes scarce resources". This makes the grant aid provided by Enterprise Ireland very important to the company.

DICK AHLSTROM



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Bang on trend

Tastes change and Irish restaurateurs are quick to bring the latest global food fashions home, writes Aoife Carrigy



One of the anomalies of the recession was the unexpected reinvigoration of the Irish dining scene. Dublin city centre has more eateries than ever with change-of-usage building developments and expansion of existing restaurants leading to an increase of over 1,250 new restaurant seats in the past 18 months. The recovery is slower to show itself beyond the capital in terms of restaurant openings but up and down the country existing restaurateurs are embracing new ways of securing their place in diners' lives. So, who's eating where, what are we ordering and how do our restaurant trends compare with the international dining scene?

1 Casual dining

Today's diners want good food but without the fuss and pomp of formal dining. Bord Bia's recent *PERIscope 2013* report ranks "Quick Service Restaurants" as the strongest food-service sector, now and until 2018 at least. Old-fashioned fast food is being re-invented with the global move towards "fast good", often with a focus on a single-item menu.

First burgers got a makeover, then burritos and now sausages are big newsthanks to restaurants such as Dublin's Worscht and Fritehaus and Cork's Sausage Grill.

2 Blurring the lines

How, where and when we eat out is up for grabs. High-end US department stores are reintroducing in-store eateries to encourage "dwell time", while galleries, bike shops and boutiques are using in-house cafes to increase footfall. Think Lennox at The Visual, Carlow or Dublin's Coppa Cafe at the RHA Gallery, Rothar Bike Café on Fade Street and Tamp & Stitch in Temple Bar. Casual places in Dublin include Pitt Bros BBQ on South Great

Georges Street, and Pizza e Porchetta on Grand Canal Quay which offer all-day food service, meeting the demands of our increasingly fluid lives. Flexible dining menus like those in Etto on Merrion Row, are based around small plates and welcome shared experiences. And as the Irish pub tackles its identity crisis, bars such as The Taphouse in Ranelagh, Deasy's in Clonakilty, and Bierhaus and Eat @Massimo Bar, both in Galway, are answering the call for craft beers and food to share.

3 EAtertainment

The shift from expense-account spend to leisure spend sees restaurants pitting their skills against the entertainment business. Ground-breaking international chefs are interrogating how sensory stimuli affects our food experience, from silent suppers and dining in the dark to the Spanish venture, El Celler de Can Roca's *Il Somni* – a 12-course opera-based banquet exploring culinary history, landscape and poetry at El Celler de Can Roca restaurant in Girona, Catalunya.

The trickle-down? In Dublin a chef's table in Chapter One's kitchen and Forest Av-

enue's tasting menu hand-delivered by chefs. News of the Curd supper club decamping to Ballinlough castle, Co Meath to host a magical banquet at this summer's Body & Soul festival.

4 Craft beers and classy cocktails

Irish restaurants traditionally made money on wine mark-ups rather than food margins, but recent duty increases have squeezed the consumer's wine spend, making the traditional model a challenge. Many restaurateurs are opting to up-sell on cocktails (tapping into a thirst for experimentation and affordable luxuries); on craft beers, local or otherwise (even imported craft beers carry a story and sense of authenticity); or both (the US flirtation with sour beers and beer cocktails has hit these shores in the likes of Vintage Cocktail Club). Newcomer Opium on Dublin's Wexford Street gives customers a polaroid souvenir of their cocktail to capture the moment.

5 Healthy eating

In Bord Bia's *PERIscope* survey 2013 comparing 10 European countries,

“
First burgers got a makeover, then burritos and now sausages are big news, so take a bow Dublin's Worscht and Fritehaus



Brian Fitzpatrick

Oriel Sea Salt



Some food businesses are started for little more than the price of the ingredients, but to get his sea salt company up and running, Brian Fitzpatrick and business partner John Delaney had to raise €1 million and build a desalination plant. Thankfully, and with the help of angel investors, they did just that, and Oriel Sea Salt was established in 2010.

Based at Clogherhead in Co Louth, the company extracts salts and minerals from the sea to sell into a variety of sectors, from food service to health supplements and cosmetics.

Securing funding was a massive achievement. "At first it seemed like nobody wanted to touch us because such a big capital expenditure was required up front," says Fitzpatrick.

These days people are queuing up to use the company's full

flavour, fine grain sea salt.

"Our sea salt is of such purity and intensity that it elevates recipes and food products, yet allows you use up to 40 per cent less," says Fitzpatrick, who attributes this quality to the company's patented harvesting process.

Oriel is used by a number of leading chefs, including the legendary Albert Roux and Ross Lewis of Michelin-starred restaurant, Chapter One. Cookery schools such as Ballymaloe and the Dubai International Institute for Culinary Arts are also fans.

But progress hasn't always flowed as well as the product, according to Fitzpatrick, who now employs four people. "The most recent challenge has been the Irish weather, and what all those storms did to the Irish Sea. We had to invest another €20,000 in extra sand filters to cope."

It's been a steep learning curve but now the company is focused on developing export markets, taking part on Bord Bia's Food Works programme.

"It has been fantastic in giving us access to both mentoring and to a lot of really great information that we would otherwise have had to pay for." It has, he might say, been worth its salt.

FOODFOCUS

Irish diners proved the most health-oriented, with eight out of 10 of us boasting healthy diets.

The "free-from" brigade hold economic sway and home-grown companies echo the US success of Veggie Grill, and Chop't and Tossed. Meanwhile, as UK institutions such as children's hospitals and schools rethink their food offer, healthy kids meals are becoming de rigueur, especially for family-focused dining. Brasserie le Pont's current campaign to reinstitute Sunday lunch is a good example.

6 Root to stalk Forget nose-to-tail eating: from micro-herbs adding wow and lesser-used ends taking centre stage (think brussel tops or parsley root), embracing the humble vegetable is where it's at now. Protein-lite mains with "flexitarian" appeal are filtering down from Paris's l'Ardege via Belfast's Ox to menus throughout the country, while foragers and kitchen gardens reign.

Meanwhile Ireland's Heritage Potato Collection (a nomadic project headed by Dermot Carey and David Langford which

had temporary outposts in Sligo, Donegal and Dublin) has been hogging headlines thanks to the joint-patronage of Dublin's Urban Farm and Boxty House.

7 Looking outwards

Local sourcing remains high on the agenda but coupled with a curiosity for international flavours. Mexican has more to give the world at large, from chia (a superfood seed) and chicharones (crispy pork rind) to moles (complex curry-style casseroles). Middle-Eastern cooking is only getting into its stride, with the Ottolenghi-effect boosted by the growing profile of Beirut restaurateur Kamal Mouzawak who recently cooked a pop-up dinner at Galway's Ard Bia. But we're not done with Asia yet, by a long shot. Asian fusion sees the likes of nam plaa (fish sauce), srirachi (sour chile sauce) and shichimi togarashi (Japanese seven-spice) going mainstream in Western dishes, while cultural hybrids such as Vietnamese banh mi (filled baguette) tick all sorts of boxes. Asian restaurants are popping up over the island, from Limerick's Taikichi to Galway's Asian Tea-house and Dublin's Faat Baat.

Innovators: Giving the people what they want

Several sharp food entrepreneurs are responding to recent trends with niche and original products, giving the people what they didn't yet know they wanted.

Philip Martin of Dublin's The Little Ass Burrito (below) is on a mission to bring Mexican food to Ireland. In order to expand beyond Tex Mex to proper Mexican tacos, he needs proper Mexican corn tortillas, so he is setting up Europe's first authentic corn tortilla factory, Blanco Nino, which will use Irish-grown corn. What will make it authentic is the Mexican process of nixtamalisation which involves cooking the corn in a lime-stone solution overnight. This boosts the corn's nutritional content and gives fresh corn tortilla's their unmistakable aroma.

Julie Murray of Dublin city's first micro-roastery, Cloud Picker Coffee, happened to walk by Forest Avenue, a café in Dublin 4, while it was being renovated. Sandy Sabek of Forest Avenue was looking for a coffee supplier and a happy relationship was borne. When Forest Avenue first opened, they didn't own a fancy espresso machine. Instead they offered a different Cloudpicker Single Origin Coffee every week, served as individual dripper brews for a more nuanced and complex flavour profile, together with a clipboard providing background information on that week's

coffee's origins. "I prefer the making information available rather than forcing it upon people," When former attorney general John Rogers semi-retired to his Boyne Valley farm, he thought that tapping into the growing Irish market for cold-pressed rapeseed oil seemed like a viable business venture.

He didn't know then that the award-winning oil that he and son Jack made would be pressed from an altogether different seed called camelina. Newgrange Gold Camelina Oil is high in vitamin E, omega 3 (three times more than rapeseed) and omega 6, something the judges of Great Taste Awards 2013 didn't know when they awarded it three stars for its taste alone. The product was also winner of the most sustainable/environmental product at SHOP in the RDS.



There's eating and drinking in them



"Consumer demand is more than adequate", says Con Traas

Irish apple growers are developing innovative apple-based products such as craft cider, writes **Aoife Carrigy**

Irish consumers want to eat Irish apples, and are continually "disappointed that they can't get Irish apples in their local supermarkets". So says Con Traas, Chairperson of the Irish Apple Growers Association. "Consumer demand is more than adequate," he says. In what is a small seasonal sector, one of the biggest historical problems the association's 40 grower members face is in dealing with multiple retailers who want to treat them "as if they were buying items from a factory where output volume is easily controlled, and plannable in advance," says Traas. "Supermarkets want guaranteed price tenders, 'before a grower will even know what their crop will be like that year. Then if the grower is short, he or she would have to buy to make up the shortfall, but because there are so few growers, this might not be possible.'"

But the good news is that the future looks rosy for Irish apples. "In terms of flavour and texture, the quality of Irish apples has never been better," says Traas. Today's growers are exploring alternative routes to

markets. In recent years, there have been a growing number of producers developing innovative and award-winning apple-based products, from Longueville's apple brandy to various import substitutions such as Llewellyn's apple balsamic vinegar and Highbank Orchard Syrup, an apple-based alternative to imported maple syrup. These may remain niche products, says Traas, "but still require quite a volume of apples to make, and they also raise the profile of Irish apples and Irish apple producers."

What is having the most impact for growers has been the expanding craft cider market. "The craft ciders sell at significant volumes, and because most of them use close to 100 per cent apple, they have the ability to take a lot of apples produced in Irish orchards," says Traas.

Emma Tyrrell of Cider Ireland believes it is a "very exciting time to be involved in cider-making". She argues that Irish craft cider makes for a dry, food-friendly alternative to "sugary, mass-produced alcopop" style ciders; a gluten-free alternative to beer; and a low-alcohol and locally produced alternative to wine. "At the moment there is enough supply [of Irish apples] to meet demand but should the cider industry continue in the direction it's going, and at the same rate, then we may well be looking at a dearth of apples in the future. An apple tree would usually not produce fruit for cider-making for about four years, so now may be the time to get planting."

Shane Francis

The Connemara Pie Company



Before setting up the company last year Francis spent 18 months researching the Irish and European food service markets. "I found that 80 per cent of the food that is brought into restaurants and pubs in Germany and France, for example, comes in frozen and is reheated."

He commissioned a feasibility study to see if he could get a piece of that pie for himself. The findings looked good enough to move into recipe development, working with partner Ross Quinn of Vasco Restaurant in Fanore, Co Clare. The result is five premium pies, including a duck, juniper berry and pear cider pie, and a smoked salmon with cream cheese and rocket one. "We launched in France and Germany last October and are selling into golf clubs, restaurants and hotels at home, too," says Francis.

The company is already on track to sell 5,000 pies a week for the rest of this year. It's just as well, he says: "I've put my communion money into this."

The Connemara Pie Company is one of those brand names that sounds as if it has been around forever, but in fact it's fresh out of the oven.

"I had a background in restaurants and saw a niche in the market for a fixed-price, high-quality product for the food service industry," says founder Shane Francis. Food service includes everything from cafes and restaurants to pubs and clubs, anywhere food is served.

"The problem facing the sector is a lack of skills in the kitchens, whereas our products are supplied ready to be reheated."

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Your food business can begin at home, but if you want to go into commercial production, there are several options, writes **Sandra O'Connell**

When it comes to setting up and running a food business, there's more than one recipe to follow.

The simplest way in is to get cooking at home.

"As soon as you make your first loaf of bread and sell it, you are a food start-up," says Oonagh Monahan, a food business mentor and author of *Money For Jam*, a guide to starting your own food business. "The simplest thing to do is approach a shop, ask to leave your produce in and see what happens. So many people have great ideas for food products, but they say to me, 'But what happens if a really big order comes in and I can't manage it?' Well, in that case, happy days, you're in business," she says.

Items such as home baking and jams are classed as "low-risk" and can therefore be made at home, as long as environmental health officers are happy it's clean and the batches aren't too big.

Once you move into areas such as confectionery or salads with dressings, you move into a higher-risk classification. To develop these recipes and begin commercial production, check out the growing trend in community kitchens that you can rent by the hour. This is what Eileen and Ray McClure of Farranfore, Co Kerry, went looking for last year when Ray was developing Kilarney Toffee.

"We wanted to find a commercial kitchen we could rent by the hour to try it out. It's a concept Ray, who is American, was familiar with," says Eileen. "But we couldn't find one here."

Having conducted research with stallholders at farmers' markets in the Kerry region, she found other artisan food businesses were in need of the same facility. So, with grant aid from the Leader fund of €150,000, she opened Kitchen Incubators Kerry, a 6,000 sq ft custom-fitted space with three commercial kitchens, a demo kitchen, and training and meeting space, rentable from €15 an hour.

The next step up for many will be to



Growing your business beyond your kitchen

take a subsidised food grade unit at an enterprise centre on a longer-term basis. In these, for a monthly licence fee of around €400, inclusive of rates and waste management, food start-ups can avail of business mentoring and administrative back-up, with no deposit or lease required.

Among the best-known of these is the SPADE Enterprise Centre in North King St, Dublin, which has kitchen incubators ranging in size from 400 to 1,500 sq ft.

If all you have is an idea for a food product, but not the skills to produce it, the services of a food technologist can help. Wendy Roberts of Creative Food Technology in Limerick provides a range of services from creating a recipe

from a concept to helping people who have started out at home tweak their recipes in order to scale up.

She can source ingredients, extend shelf life, establish nutritional values for labelling, help you figure out how to ramp up production and even ensure you don't have to get involved in cooking at all.

This is because, in some cases, once you have perfected your recipes, the most efficient route will be to contract out production. It's the route that well-known soup brand Cully & Sully took to great effect.

"I'd encourage the contract manufacturing route," says Roberts. "Food manufacturing is expensive to get into, and with contract manufacturing all you

Eileen McClure of Kitchen Incubators Kerry, which rents commercial kitchens to artisan food businesses. PHOTOGRAPH: KERRY KENNELLY

have to pay for is the packaging and the actual production."

Contracting out also frees you up to do what you are best at.

"Often you'll have a really good product or recipe, but realise that what you are actually best at is branding and marketing," says food consultant James Burke. "In any case, if you are successful there will come a point when you can no longer do everything, which is why it makes sense to look at out-sourced partners."



Getting the market to decide

Food markets are a low-cost way to test the water and get feedback from customers on innovative fare writes **Sandra O'Connell**

Caryna Camerino arrived in Ireland as a backpacker intending to stay two days. Seven years later, she's still here. Part of the reason for that has been the success of a business she started here as a hobby, Caryna's Cakes.

She began baking and selling at a market in Dublin in 2007. Pretty soon, local restaurant and coffee shop owners began asking her to supply them.

Determined to do everything in "baby steps", only last year did she move into a kitchen unit at Terenure Enterprise Centre and ramp up production to the point where she could take on her first member of staff.

While the bulk of her revenues come from supplying cafes and restaurants, as well as a strong niche in wedding cakes, she has kept her hand in markets, still selling at the Dublin Food Co-op each week.

There's good reason: "I have no retail front, so the market is still a really important way for me to meet customers and get feedback," says Camerino, who advises other food start-ups to follow suit. "Markets are a really low-cost way to start."

It's a route many known names have followed, including Sheridans Cheesemon-

gers and spice maker Green Saffron.

"It has actually never been easier to start up a food business in Ireland. Of course there are some barriers to entry, but the fact is that you can start up a food business on a very modest budget and legislation exists to enable you do many things from your home kitchen, and then sell through farmers markets," says food business consultant James Burke.

Markets may have suffered somewhat during the recession, but are still a force to be reckoned with according to Tara McCarthy, director of food and beverages at Bord Bia.

"They went through a challenging time but while some markets struggled, the better ones flourished, which has enabled us to do some research into why that is," she says. "For prospective stall holders, the key is to look for a market that has a variety of producers and takes place regularly. You don't want a market that is skewed in one direction."

Interestingly, markets that relied too heavily on the provision of food "to go" were the ones that struggled most. "The broader the range, from meat to veg to fish, the more successful a market is at drawing people in," says McCarthy, who advises

start-ups to visit a number of markets first to assess the profile of the consumers that visit it.

"Market stalls are still very much at the cutting edge of the food industry. They're where many of the ideas that create exciting new food products are born," says Conor Hyde of Bullseye, a food marketing consultancy.

"Starting a food business and selling products directly to the public at farmers markets allows entrepreneurs to interact face-to-face with buyers. It's a chance to learn about the consumer market, to innovate and be extremely creative. The market stall is often where the first steps of research and development happen. Those skills are also transferable to tradeshows and food expos. These often take the form of a market with companies pitching their

Caryna Camerino of Caryna's Cakes with a pineapple wedding cake

product from stalls to major international retail chains."

Certainly it provided the route to business success for Deirdre Hilliard, who started selling soups at Midleton Market in 2002. Today her business, Just Food, has a turnover of in excess of €1 million and sells in supermarkets nationwide and in Europe. Highly innovative, she has just launched a new range of high protein, low fat soups, called HiLo.

"To be successful at markets you need something that is clearly differentiated, in our case it was wholefood soups that other people weren't doing," says Hilliard.

"Next, turn up yourself, every week, so that you get to know your customers. It's the best market research you'll get. Farmers market customers are not representative of the population as a whole. They are real foodies, the early adopters, ahead of the main flow when it comes to food trends. If you can refine your product with these guys, you will be one step ahead of the competition when the time comes to selling into supermarkets."

"The key is to look for a market that has a variety of producers and takes place regularly. You don't want a market that is skewed in one direction"

Luminaries of the food and wine writing world will assemble for a three-day festival at Ballymaloe, writes Marie Claire Digby

'Dare to dream" could have been the theme of last year's inaugural Ballymaloe Literary Festival of Food & Wine, when a star-studded line-up of food and wine writers from across the globe converged on the Co Cork hotel and cookery school for a weekend of demonstrations, debate and, of course, dining, in the company of 8,000 festival-goers.

"When Darina calls, you don't say no", was a common refrain from participants, who included the Thai food expert David Thompson, who flew in from Bangkok to join Madhur Jaffrey, Claudia Roden, Janice Robinson, Matthew Fort, Thomasina Miers and countless other stellar names on the programme for the weekend.

This year, the dream just got bigger, with René Redzepi of Noma restaurant in Copenhagen, founder of what has become known as New Nordic Cuisine, jostling with TV presenter, author and restaurateur Yotam Ottolenghi for top billing in a three-day programme of events that will take place on May 16th-18th.

Other big names signed up this year include Diana Kennedy, often described as "the Elizabeth David of Mexican cooking", Australian cook and food entrepreneur Maggie Beer, TV presenter and writer Simon Hopkinson, and chef Rowley Leigh. The wine world will be represented by Lilian Barton of Château Léoville-Barton and Spanish winemaker Telmo Rodriguez. Chefs and authors Ross Lewis, Paul Flynn and Clodagh McKenna head the Irish contingent, along with Darina and Rachel Allen and Rory O'Connell.

"We didn't quite manage to break-even, however it was very close," Darina Allen says in relation to the €200,000 it cost to stage last year's event. "The budget has increased substantially this year as we need more infrastructure on site, shuttle buses and bank machines, which all cost money. Also, last year, so many people rowed in and worked so hard on a near voluntary basis, but this year we want to make sure everyone is paid for the enormous effort and work they put in," she says.

Tickets went on sale in January, and some events are already booked out. "Not surprisingly the Ottolenghi demonstration and pop-up dinner, and the René Redzepi events flew out the door, selling out within minutes. Maggie Beer's lunch in Ballymal-

Eating their words



Yotam Ottolenghi (right) and his business partner Sami Tamimi

oe House, Giana Ferguson's event about her soon-to-be published book, Myrtle Allen's Cookery Archive, and Extreme Greens - Understanding Seaweed with Sally McKenna, also sold out very quickly," Allen says.

However there are still plenty of events with availability, and the fringe programme at The Big Shed, adjacent to Ballymaloe House hotel, where there will also be art installations, live music and local producers selling food, will be open to all. "People still have the opportunity to book for Sami Tamimi, Yotam Ottolenghi and Ariana Bundy discussing the food of the Middle East; tickets for the conversation between John McKenna and René Redzepi are still available, as is Tim Hayward's talk about his book, *Food DIY*. And Christopher Hirsheimer and Melissa Hamilton of Canal House Publishing in the US will be giving a fascinating talk about *The Business of Books*," Allen says.

Daniel Klein and Mirra Fine of *The Perennial Plate*, a James Beard award winning online weekly documentary series "dedicated to socially responsible and adventurous eating" will present two screenings of short films they have travelled the world to make, and Susan Boyle will perform her one woman show *A Wine Goose Chase*, which blends wine tasting with storytelling.

See litfest.ie for more information.

Mary Healy

Chocolate Garden of Ireland



Mary and Jim Healy started out, in 2001, selling waffles at farmers markets under the brand name Wicklow Fine Foods.

By 2008 the company had expanded into chocolate making and fine food hampers, growing turnover to €1million a year. When the recession hit, and hamper orders fell, they responded by developing a new brand, The Chocolate Garden of Ireland and buying an artisan brand, Tipperary Ice Cream, to counter-act against the traditional summer time dip in chocolate sales.

The Chocolate Garden of Ireland brand was designed to help them diversify into "food tourism", running chocolate

making workshops from their production unit in south west Wicklow. Unlike retail sales, for which the couple may have to provide credit, the workshops helped keep cash flow pumping throughout the downturn. The other ingredient in their recipe for success has been a strategic decision not to chase large volume orders, as those are the most likely to leave the producer working off low margins.

Indeed, the couple does not see supermarket orders as worth pursuing at all. "Much better to go the speciality or fine foods shop route, supplying to stores such as Avoca, where margins are better and production capacity more sustainable.

It's a strategy that has worked and the couple have been developing its export business. "We've just won top prize in a UK competition for one of our ice cream cakes and we are also now exporting to Australia and Poland," says Mary.

ACT NOW DON'T DELAY



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THE IRISH TIMES TOP 1000

Our Guide to Irish Business





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